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## **MEMORANDUM**

**TO:** Licensed Child Care Providers

**FROM:** Office of Child and Family Services

**DATE:** March 29, 2021

**SUBJECT:** Coronavirus-Related Funding Opportunities for Child Care Providers

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The Office of Child and Family Services (OCFS) in collaboration with Coastal Enterprise (CEI), and Maine Roads to Quality Professional Development Network (MRTQ PDN) continues our collaboration to update Maine's child care providers about funding opportunities and business resources available to assist in stabilizing their child care businesses. Below is a list of grant and forgivable loan resources available to eligible child care providers.

**Grants:** *Money given for a specific purpose that does not need to be repaid.*

### **1. Microenterprise Grant:** up to \$5,000 for payroll, fixed debt, and more

#### **Eligibility Requirements:**

- Business started before 12/1/2019;
- and 5 or fewer employees;
- and owner's household income is below the levels defined by HUD at the county level (See [income eligibility by county](#));
- and revenue loss is directly related to COVID-19.

**Timing:** Now – funds are available on a first come, first served basis

#### **Next Steps:**

- Meet with a Maine Small Business Development Centers (SBDC) business advisor to determine eligibility and submit an application. [Connect with a business advisor here](#)
- For more information: [Grants for Micro-Enterprise Businesses SBDC](#)

### **2. Maine Child Care and Development Fund (CCDF) Grants:**

OCFS CRRSA Grants' first round of open applications closed Thursday March 25, 2021. Applications are being processed and payments will begin being issued April 3, 2021.

For more information on the grants visit: [CRRSA Funding Strategies](#). **Announcements for the next round of open applications will be coming soon.**

**Forgivable Loans:** *Money lent for a specific purpose. If certain conditions are met, some or all of the loan does not need to be repaid.*

**1. Paycheck Protection Program Loan (PPP):** 1% loan for payroll, rent, mortgage interest and selected operational expenses; can be forgiven if certain conditions met.

**Eligibility Requirements:**

- Business started by 2/15/2020;
- And 500 or fewer employees or you paid independent contractors, or you are an eligible self-employed individual or sole proprietor with no employees;
- And money will be spent on payroll and allowable expenses, such as rent or mortgage interest.

**How Much Can You Borrow?**

- If this is your first PPP loan (known as a “first draw”): [How to Calculate First Draw PPP Loan Amounts](#)
- If this is your second PPP loan (known as a “second draw”): [How to Calculate Second Draw PPP Loan Amounts](#)

**Forgiveness Details:** Loans can be 100% forgiven if:

- At least 60% of the funds are spent on payroll;
- And the balance is spent on allowable expenses;
- And employee and compensation levels are maintained for 8 to 24 weeks after the loan is disbursed.
- For more information: [PPP Loan Forgiveness](#)

**Timing:** Now through 3/31/2021

**Next Steps:**

- Watch a recorded webinar: [Paycheck Protection Program Loan Opportunities for Child Care Programs - YouTube](#) or <https://www.youtube.com/watch?v=GjS89lB-rs4>
- Call your bank or if you do not have a bank, [Lender Match](#) can connect you with a lender. You can also [view all lenders near you on a map](#).
- Find Local SBA Resources at: [www.sba.gov/local-assistance](http://www.sba.gov/local-assistance)
- Review the application:

- If this is your first PPP loan (known as a “first draw”): [PPP First Draw Borrower Application Form](#)
- If this is your second PPP loan (known as a “second draw”): [PPP Second Draw Borrower Application Form](#)
- Contact the SBA’s Maine District Office at [Maine\\_DO@sba.gov](mailto:Maine_DO@sba.gov) or 207-622-8551
- For more information
  - [First Draw PPP Loans](#)
  - [Second Draw PPP Loans](#)

**Tax Credits:** *Money credited against taxes owed.*

**3. Employee Retention Tax Credit:** a refundable tax credit against the employer’s share of Social Security tax per employee being paid

**Summary:**

- The Employee Retention Tax Credits is applied immediately by reducing payroll taxes sent to the IRS
- 2021: up to \$7,000 in refundable tax credit against the employer share of Social Security tax equal to 70% of the qualified wages per employee for each calendar quarter January – June 2021.
  - Qualified wages are limited to \$10,000 per employee per calendar quarter, which yields a maximum \$7,000 tax credit per employee per calendar quarter
- 2020: up to \$5,000 refundable tax credit against the employer share of Social Security tax equal to 50% of the qualified wages per employee for each calendar quarter March 13, 2020 – December 31, 2020.
  - Qualified wages are limited to \$10,000 per employee per calendar quarter, which yields a maximum \$5,000 tax credit per employee per calendar quarter
- Tax credits that exceed payroll taxes can be refunded by the IRS (upon request)

**Business Eligibility Requirements:**

- 2021: Gross receipts (child care fees collected + any other business income) for a calendar quarter in 2021 are less than 80% of the same calendar quarter in 2019
- 2020: Gross receipts (child care fees collected + any other business income) for a calendar quarter in 2020 are less than 50% of the same calendar quarter in 2019

- Self-employment earnings are excluded, however wages earned by people employed by the business owner are included
- Businesses receiving a Paycheck Protection Program (PPP) loan are now eligible retroactive to March 2020, however payroll costs paid during the PPP forgiveness period are excluded

**Timing:** Now for 2020; in April and July for 2021

**Next Steps:**

- Talk to the person who files your quarterly social security taxes, Form 941